

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 EB-08 AID-05 CEA-01 CIAE-00
COME-00 EA-10 FRB-03 INR-10 NEA-11 NSAE-00 ICA-11
OPIC-03 SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00
OMB-01 SS-15 NSC-05 STR-07 L-03 H-01 PA-01 /128 W
-----125352 270139Z /14

R 261242Z MAY 78
FM AMEMBASSY BUDAPEST
TO SECSTATE WASH DC 1585
USMISSION GENEVA
INFO AMEMBASSY BRUSSELS
AMEMBASSY BUCHAREST
AMEMBASSY PRAGUE
AMEMBASSY WARSAW
AMEMBASSY SOFIA

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E.O. 11652: N/A

TAGS: EEWT, EEC, EIND, ETRD, HU
SUBJECT: EC STEEL AGREEMENTS WITH EASTERN EUROPE

USEC

GENEVA ALSO FOR USDEL MTN

REF: STATE 130051

1. HUNGARIAN ECONOMIC DAILY VILAGGAZDASAG MAY 4 REPORTED
SOME DETAILS OF EC-HUNGARIAN STEEL AGREEMENT. ACCORDING
TO ARTICLE, HUNGARY MAY SHIP 342 THOUSAND TONS OF STEEL
PRODUCTS TO EC COUNTRIES IN 1978, COMPARED TO 330 THOUSAND
TONS IN 1976 (1977 STATISTICS NOT YET AVAILABLE). EXPORT
PRICE OF NORMAL COMMERCIAL ROLLED GOODS MAY BE 6 PERCENT,
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THAT OF QUALITY STEEL GOODS 4 PERCENT, CHEAPER THAN THE
INTERNAL EC MINIMUM PROCE. ARTICLE STATES THESE CONDITIONS
ARE IDENTICAL WITH THE AGREEMENTS ALREADY MADE WITH JAPAN,
SOUTH AFRICA, SPAIN AND CZECHOSLOVAKIA, WHILE EFTA
STATES MAY SHIP ONLY 3 PERCENT CHEAPER THAN THE EC
INTERNAL PRICE. TALKS ARE CURRENTLY UNDERWAY WITH BRAZIL,
BULGARIA, AND SOUTH KOREA, WHILE DIFFICULTIES HAVE

ARISEN IN NEGOTIATIONS WITH POLAND, ROMANIA, AND AUSTRALIA. ARTICLE NOTES THAT, "FOR THE HUNGARIAN STEEL PRODUCERS, THE EXCHANGE OF LETTERS CREATED REGULATED IMPORT POSSIBILITIES." COMMENT: TONE OF ARTICLE SEEMS TO INDICATE SATISFACTION WITH BILATERAL AGREEMENT. END COMMENT.

2. ARTICLE ALSO REPORTED MEASURES ANNOUNCED BY DAVIGNON AT MAY 2 EC FOREIGN MINISTERS COUNCIL TO STRENGTHEN INTERNAL COMPLIANCE AND CONTROLS ON STEEL IMPORTERS, AND HIGHLIGHTED CRITICAL REMARKS OF WEST GERMAN ECONOMIC MINISTER LAMBSDORF. LAMBSDORF'S VIEWS ARE SUMMARIZED IN ARTICLE AS FOLLOWS: "...A PERMANENT SOLUTION TO SOLVE THE PROBLEMS OF STEEL INDUSTRY AND OTHER INDUSTRIAL SECTORS THAT STRUGGLE WITH A STRUCTURAL CRISIS CAN ONLY BE FOUND BY PROMOTING FREE COMPETITION, AND NOT BY INCREASING INTERVENTION FROM ABOVE."

3. AN EC DIPLOMATIC COLLEAGUE HAS TOLD EMBASSY HE BELIEVES QUOTA IS BASED ON 1976 SALES TO EC. HE HAS PROMISED TO SEEK COPY OF AGREEMENT AND MORE DETAILS. EMBASSY ALSO HOPES TO DISCUSS WITH MINISTRY OF FOREIGN TRADE OFFICIAL IN COMING WEEK, AND WILL REPORT FURTHER.

4. FOR GENEVA: REFTEL REPORTED THAT EC HAS BEEN RELUCTANT TO PROVIDE COPIES OF BILATERAL STEEL AGREEMENTS LIMITED OFFICIAL USE

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OR DISCUSS DETAILS AND SUGGESTED JANOS NYERGES AS LIKELY SOURCE OF INFORMATION. NYERGES' OFFICE REPORTS HE WILL BE ABROAD UNTIL JUNE 15. SUGGEST MISSION MAKE LOW-KEY EFFORT TO CONTACT HIM TO DISCUSS STEEL AGREEMENT (WHICH APPARENTLY TOOK FORM OF EXCHANGE OF LETTERS) AND IF POSSIBLE OBTAIN COPY. KAISER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: STEEL, EAST WEST TRADE, AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BUDAPE02162
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: ALSO FOR USEEC
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780223-1071
Format: TEL
From: BUDAPEST
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780516/aaaaamxu.tel
Line Count: 101
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 52623096-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 130051
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2556535
Secure: OPEN
Status: NATIVE
Subject: EC STEEL AGREEMENTS WITH EASTERN EUROPE USEC GENEVA ALSO FOR USDEL MTN
TAGS: EEWT, EIND, ETRD, HU, EEC
To: STATE GENEVA MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/52623096-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014